

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 3497 - SB 3419

February 5, 2010

SUMMARY OF BILL: Changes the name of the “Employee Suggestion Award Program” to the “Tennessee Employee Innovation Program” and authorizes an increase in cash awards from a maximum of 10 percent of the first year’s savings after implementation or \$10,000, whichever is less, to a maximum 25 percent or \$25,000, whichever is less. Authorizes the award of up to five days of special administrative leave.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Exceeds \$28,000

Other Fiscal Impact – Any value associated with days off from work for those state employees who are not eligible for overtime pay and who are awarded administrative leave would be allocated payroll costs and not require a direct state appropriation.

Assumptions:

- According to the Department of Human Resources, the Employee Suggestion Award Program board has awarded a total of \$56,266 between December 2006, and December 2008 (\$18,940.26 in 2006, \$2,613.41 in 2007, \$34,712.50 in 2008). No amounts were provided for 2009.
- Under the new thresholds the award amounts would have increased by \$84,399 over the three year period. The recurring increase in state expenditures for the increase in thresholds equals \$28,133 (\$84,399 / 3 years).
- Fiscal Review staff is unable to estimate how many participants in the award program would be awarded administrative leave as opposed to the monetary award. There is a potential for overtime costs for an employee whose position requires full-time staffing; however, that exact cost cannot be determined.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized "J" and "W".

James W. White, Executive Director

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